

## ABOUT ARETE CAPITAL ASIA

Arete Capital Asia is a boutique financial advisory firm based in Hong Kong. Our Directors & Senior Team each have over 25 years experience in international financial markets.

We are truly independent advisers - we offer advice based on the best solutions available. We are able to source niche opportunities that represent outstanding risk reward dynamics. The Arete Team digs deep and pushes boundaries to uncover and offer compelling opportunities for our clients.

## ABOUT TOSS FINANCIAL

Founded in 2014 and based in Seoul, Viva Republica Co., Ltd. is a FinTech company used by over a third of the population. Their strategy is to deliver a wide range of online financial services to Generation Z, a group familiar with online living.

Toss intends to be a one-stop app for financial services, modernizing the way South Koreans bank: payments, securities trading, internet banking. More services will be added to broaden offerings to its growing customer base.

## COMPANY HIGHLIGHTS

- South Korea has one of the **greater online transaction volumes per capita in the world** - an excellent environment for Toss to grow and build a moat against new starters.
- Viva Republica teamed up with Korean giant, Shinhan Bank to create Toss Bank. Toss Bank **holds one of only three** approved digital banking licenses in the country.
- Shinhan Bank is a quality Korean institution that could be compared to JP Morgan & Chase.
- Toss offers a suite of financial services under the name Toss payments, Toss Insurance, Toss Securities, and Toss Bank. (Toss Bank only established in 2021: with Shinhan)
- We **expect significant revenue growth in Toss Bank** will be the greatest catalyst to drive group valuations upwards for an IPO in the future.

## TOSS BUSINESS STRENGTHS

- The Toss platform is a **'super app'** and already offers 50 different services. Recently established Toss Bank is the key component for seamless access for users.
- Toss Bank will promote several types of loans. They have developed **enhanced AI** to assess credit scoring that was tested to lead to much **lower delinquency rates**. This is likely to disrupt the present inefficient loan marketplace.
- Toss Bank will also offer **competitive interest rates** for depositors.
- **Strong Brand Recognition** - in March 2021, Toss launched an investment service called Toss Securities, with 3.5 million users signing up in the first 90 days. Robinhood by comparison took 3 years to achieve the same no. of users.

## TOSS Income Statement

(USD Millions)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenue	USD 100 mn	USD 328.3 mn	USD 742.2 mn	USD 1,298 bn	USD 2,040bn	USD 2,818 bn	USD 3,499 bn
(Cost of Sales)	(USD 77.4 mn)	(USD 215.4 mn)	(USD 523.6 mn)	(USD 798.3 mn)	(USD 1,149 bn)	(USD 1,465 bn)	(USD 1,725 bn)
Gross Profit	USD 22.5 mn	USD 112.9 mn	USD 218.5mn	USD 505.2 mn	USD 890.6 mn	USD 1,353 bn	USD 1,774 bn
(Operating Expense)	(USD 119.8 mn)	(USD 173.9 mn)	USD 374.6 mn	(USD 359.1 mn)	(USD 523 mn)	(USD 627.3 mn)	(USD 726.6 mn)
Operating Income	( USD 97.2 mn)	(USD 61.0 mn)	USD 156 mn)	USD 141.1 mn	USD 367.6 mn	USD 726.3 mn	USD 1,047 bn

## Toss Potential Returns Summary

Returns Summary	Entry Valuation	Exit Valuation	Multiple over invested capital	IRR
2023 IPO - Low P/S	USD 10.65 bn	USD 9 bn	0.85x	-15%
2023 IPO - Median P/S	USD 10.65 bn	USD 35.81 bn	3.36x	236%
2023 IPO - High P/S	USD 10.65 bn	USD 130.60 bn	12.27x	1127%
2024 IPO - Low P/S	USD 10.65 bn	USD 12.43 bn	1.17x	17%
2024 IPO - Median P/S	USD 10.65 bn	USD 49.46 bn	4.65x	365%
2024 IPO - High P/S	USD 10.65 bn	USD 180.41 bn	16.94x	1594%
2025 IPO - Low P/S	USD 10.65 bn	USD 15.43 bn	1.45x	45%
2025 IPO - Median P/S	USD 10.65 bn	USD 61.41 bn	5.77x	477%
2025 IPO - High P/S	USD 10.65 bn	USD 223.99 bn	21.04x	2004%

Cumulative Subscribers  
**21,000,000+**  
 >30% of the the population

Team Members  
**1,300+**

Cumulative Investment  
**KrW 1 Trillion+**

Services Launched  
**50+**

## INVESTMENT PARTICULARS

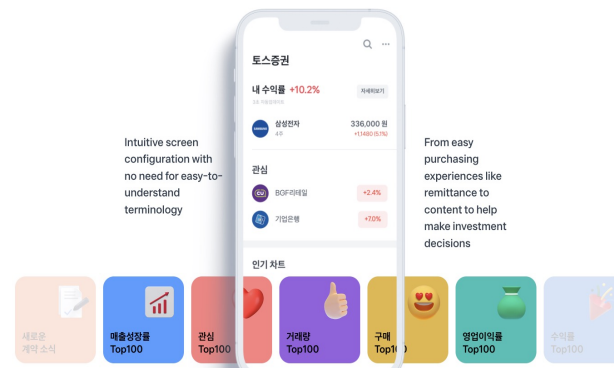
Issuer	Viva Republica Co., Ltd., operator of Toss
Type of Purchase	Secondary purchase of Preferred Shares
Entry Valuation	c. USD 10.65 billion, or Price to Sales multiple 8.3x 2022 sales
Base Case Return for ACAL investors	3x - 5x over a 2-3 year period using entry valuation
Sector Performance	FinTech's value tends to appreciate post IPO; well understood and well covered by financial analysts.
Total Funding	Est. USD 844 million
Last Funding Round	Series Pre-G: 410M USD at 7.4B cap Post-Money Valuation
New Funding	Expected in Q1/Q2 2022 @ 15B valuation or higher. IPO underwriters may be appointed after new round.
Expected Holding Period	18 - 24 months, plus 6-month lock up.
Deal Timing	February 2022



## FOUNDER & CEO

Dr. Lee Seung-gun who graduated from the prestigious Seoul National University, began his career as a Dental Surgeon. He became obsessed with improving the mobile experience when he tried to transfer money in the antiquated Korean banking system. Toss had a focal point in 2015 where the established Silicon Valley Venture Capital community began to support his vision.

## "EVERYTHING IN FINANCE MADE EASIER WITH TOSS"



Intuitive screen configuration with no need for easy-to-understand terminology

From easy purchasing experiences like remittance to content to help make investment decisions

## Notable Investors



## HELPFUL LINKS

CB Insights Interview: <https://youtu.be/VPntBLi62YI>  
Shinhan Bank Collaboration: <https://youtu.be/NCl0iV1tLHs>

